Harlequin Enterprises Limited
Annual Report 1975

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Harlequin Enterprises Limited, Don Mills

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Chairman
Mills & Boon Limited, London

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Retired Partner
Richardson Securities of Canada, Toronto

LAWRENCE C. BONNYCASTLE
Vice-Chairman
Canadian Corporate Management Company Ltd. Toronto

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Editorial Director (Fiction)
Mills & Boon Limited, London

SIR JOHN BROWN, C.B.E.
Publisher
Oxford University Press, London

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President
Toronto Star Limited, Toronto

GEORGE R. GARDINER
President
Gardiner, Watson Limited, Toronto

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Harlequin Enterprises Limited, Don Mills

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WILLIAM F. WILLSON
Vice-President and Secretary

RICHARD H. BELLRINGER
Vice-President

MARTIN A. REAUME
Comptroller and Treasurer

CORPORATE INFORMATION

CORPORATE OFFICE
240 Duncan Mill Road
Don Mills, Ontario M3B 1Z4
Telephone Number (416) 445-5860

AUDITORS
Clarkson, Gordon & Co., Toronto

LEGAL COUNSEL
Davies, Ward & Beck, Toronto

BANKERS
The Toronto Dominion Bank

EXCHANGE LISTING
The Toronto Stock Exchange

REGISTRAR and TRANSFER AGENT
Montreal Trust Company, Toronto, Halifax, Montreal, Winnipeg, Calgary, Vancouver

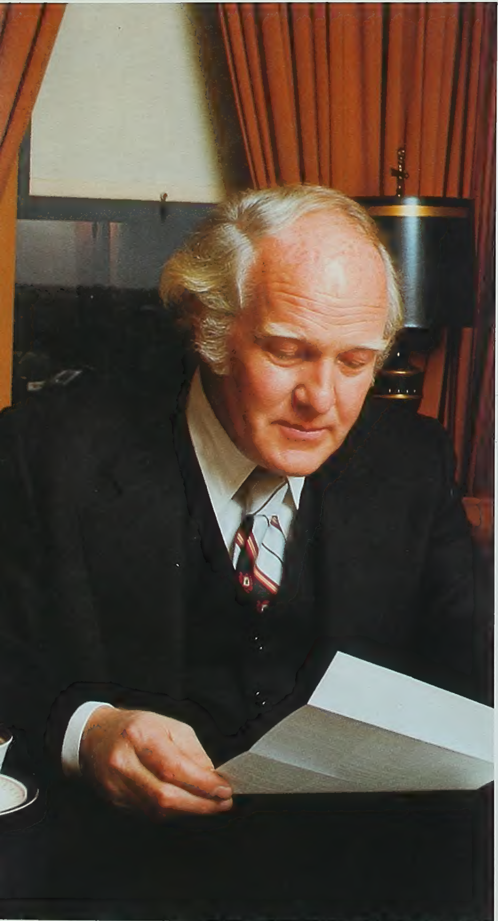
ANNUAL MEETING
11:30 a.m. May 19, 1976
Toronto Room
King Edward Sheraton Hotel
37 King Street East
Toronto

Highlights ($000)

REVENUES	% Increase	1975	1974
Publishing	42%	$35,080	$24,781
Learning materials	32%	8,169	6,202
TOTAL REVENUES	40%	$43,249	$30,983
NET EARNINGS	25%	$ 4,418	$ 3,527
Basic Earnings Per Share	24%	$ .88	$ .71
Fully Diluted Earnings Per Share	24%	$ .84	$ .68
Equity Per Share	24%	$ 2.92	$ 2.36

Harlequin is the world's leading publisher of a unique kind of reading entertainment for women that has enjoyed ever-increasing levels of success throughout the world—romantic fiction. In the English language alone, books bearing the Company's imprints were sold in such markets as the United Kingdom, Canada, the United States, South Africa, Australia, New Zealand and the Philippines—in fact, virtually everywhere where the English language is read—totalling more than 72,000,000 books during the past year. In addition, the Company's romantic fiction has appeared in translations in Dutch, German, Italian and many other languages.

There is more to Harlequin, however, than romantic fiction. Through its British subsidiary, Mills & Boon Limited, the Company is engaged in the publishing of general and educational non-fiction. In Canada, through Scholar's Choice Limited and Learning Concepts Limited, the Company distributes a wide range of books and other classroom products and publishes selected Canadian educational material.



W. Lawrence Heisey, President, Harlequin Enterprises Limited.

Report to Shareholders

FINANCIAL RESULTS

In 1975 your Company once again attained record sales and profits. Total revenues were $43,249,000 for the fiscal year ending December 31, 1975, up 39.6% over the $30,983,000 recorded for the previous year. Earnings of $4,418,000, or $.84 per share, in 1975 showed an increase of 25.3% over reported earnings of $3,527,000, or $.68 per share, in 1974 on a fully diluted basis. Your Board of Directors declared regular semi-annual dividends totalling $.24 per share in 1975, which is equal to approximately 28% of the net earnings for the year. The per-share figures quoted above reflect the 3-for-1 common-stock split approved at the special shareholders' meeting held in June, 1975.

THE YEAR IN REVIEW

During 1975 prices of the Harlequin romance imprints in North America were increased in order to offset rising costs. These new prices are the first increase since 1972 and were well received by both the trade and consumers. The Harlequin imprints were advertised nationally on television in Canada, while regional testing was expanded in the United States and unit sales continued to increase. In September the Harlequin Book Division introduced the *Laser* series of science fiction in Canadian and United States markets.

Mills & Boon's launch of Harlequin Holland was the highlight of the year in your Company's overseas operations. Supported by a television campaign, the new Amsterdam operations started publishing *Bouquet Reeks* (Bouquet of Flowers) in April, a series of four romances each month in the Dutch language. This venture was an instant success and sales quickly exceeded our expectations.

The Learning Materials Division had another record year in 1975. Sales moved ahead strongly and profits kept pace. The Division is achieving a good measure of success with its publishing program for Canadian educational materials.

OUTLOOK

The outlook for your Company in 1976 is promising, despite the uncertainties in some markets and currencies. Another new operation in Europe will be undertaken before the year is out. We expect that greater profits will be earned in most areas of business and that earnings per share will increase. We are continuing to seek suitable acquisitions for your Company.

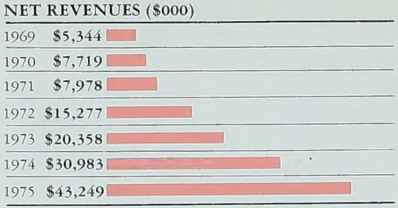
The success of the Company in 1975 results from the energy and dedication of our employees. We are grateful for this contribution and look forward to continued progress in 1976.

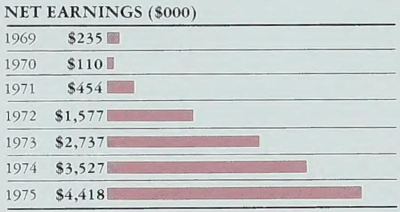
On behalf of the Board:

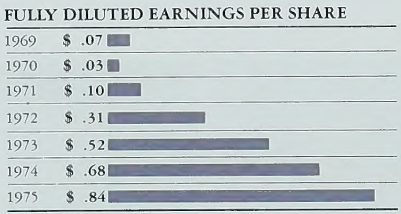
Richard A. N. Bonnycastle

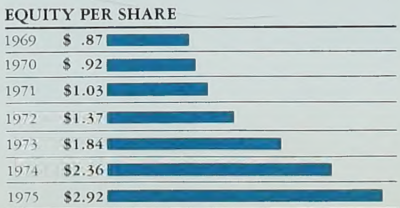
W. Lawrence Heisey

March 18, 1976









Richard A. N. Bonnycastle, Chairman of the Board, Harlequin Enterprises Limited.

1975 Review of Operations

The Romantic Novel

Romantic fiction is a durable literary genre which first was popularized with the publication in 1813 of Jane Austen's *Pride and Prejudice.* Harlequin's British subsidiary, Mills & Boon Limited, published its first romantic novel one year after its formation in 1907. In the ensuing 70 years, a backlist of more than 2,000 titles has been developed. In the past ten years alone, the popularity of this type of fiction has been underscored by the fact that more than 300,000,000 books have been sold in more than 80 countries under the imprints of either Mills & Boon or Harlequin.

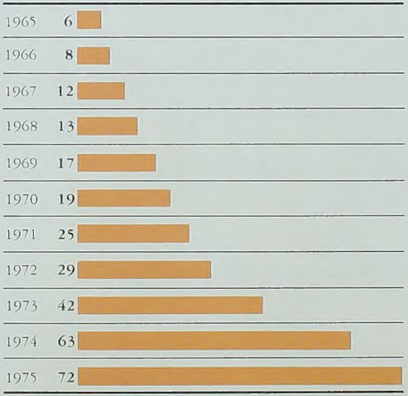
The contemporary romantic novel differs little from that created by Jane Austen. While in the 19th century the settings were usually some small center in the British Isles, today our authors carry the protagonists to such faraway, exotic places as Greece or New Zealand. But, just as Jane Austen drew a heroine who was essentially an ordinary girl of modest upbringing, so the contemporary author creates the same type of heroine for her cast of characters. And through one and a half centuries, the heroine of this genre invariably finds herself involved in a complex romantic entanglement with problems that may range through a wide variety of plot structures. Essential, however, is the fact that the reader is readily able to identify with the heroine, and her subsequent vicarious involvement in the plot provides a form of harmless escape from what might otherwise be a routine existence.

The popularity of your Company's romantic fiction derives from a market-oriented editorial policy. Working with many authors, our editorial team in London ensures that the literature contains those lasting qualities which readers have come to expect from us while still appealing to modern women the world over.

Romantic fiction is published by your Company under the Harlequin imprints in North America, under the Mills & Boon imprints in Britain, Australia and other overseas markets,and in the Dutch language under the *Bouquet Reeks* (Bouquet of Flowers) imprint in The Netherlands.

Alan W. Boon
Editorial Director (Fiction)
Mills & Boon Limited

ROMANTIC FICTION
No. of Books Sold (Millions of Books – Net)



Publishing Operations in North America

The Harlequin Book Division manages the Company's mass-market publishing operations in Canada and the United States. The Division publishes romantic fiction under two imprints: *Harlequin Romances,* a series of eight titles each month, and *Harlequin Presents...,* a series of four titles monthly. Distribution in Canada is handled by Har-Nal Distributors Limited (owned 50% by Harlequin), and in the United States by Simon & Schuster Inc.

While sales have grown dramatically in the United States market since distribution was expanded nationally in 1967, the United States still remains the area of greatest potential growth. The Division began, in September 1974, to test television advertising in ten United States markets. The positive response to the tests led to an expansion of the advertising to national networks in September 1975.

Also in September 1975, Harlequin took a step into a new publishing field with the launch of *Laser Books,* a science fiction/adventure series. *Laser* appeals to a broad science fiction market as well as to readers of more general adventure stories. *Laser Books* are being marketed along the same principles and techniques that have proved successful in the Harlequin romance lines.

The Harlequin Reader Service was established in 1970 in response to requests for back issues of Harlequin books which could no longer be found at retail book outlets. In the ensuing years the Reader Service has become a source of substantial growth for the Company. The Reader Service now publishes certain Mills & Boon romances in distinct formats available only to the direct sales markets. In large part, the success of this arm of the business is attributable to the unique promotional and advertising campaigns developed specifically for the product.

Richard H. Bellringer
Vice-President
Harlequin Enterprises Limited

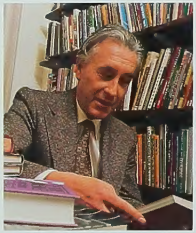
Operations in Britain and Overseas

Mills & Boon Limited, London, publishes original romantic fiction and general and educational non-fiction. The Division is responsible for managing Harlequin's affairs in Europe and Australia.

The center of Harlequin's romantic fiction publishing is the Mills & Boon office in London, where fourteen new romance novels are published monthly in hardcover. The extensive backlist which has been developed is the source of a worldwide paperback publishing operation. Mills & Boon publishes fourteen paperback titles each month for distribution in the United Kingdom and in export markets such as Australia and New Zealand (through Mills & Boon Pty. Ltd.), the Philippines, and other markets where English is read. The backlist is also a source of titles for translation, from which rights are licensed to publishers in all major languages.

In early 1975 we entered into our first wholly-owned operation in another language. The April launch of Harlequin Holland in Amsterdam was an immediate success. Supported by national TV advertising in The Netherlands, the *Bouquet Reeks* (Bouquet of Flowers) series of four romance titles each month in the Dutch language quickly became the market leader, and the operation is now contributing to the Company's profits. We are continuing to explore the opportunities for similar publishing ventures in other major languages.

John T. Boon, C.B.E.
Chairman
Mills & Boon Limited



John Rendall
Managing Director
Mills & Boon Limited

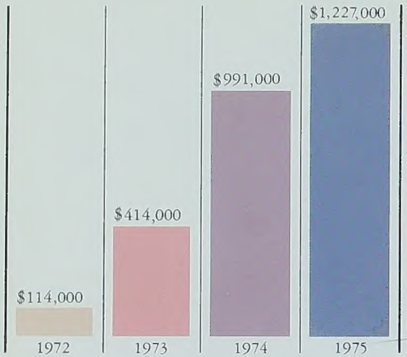
Learning Materials Division

The Learning Materials Division is a major supplier of books and other materials to Canadian education markets. The Division's main activities are carried out by Scholar's Choice Limited, which distributes supplies and publishes multi-media materials. Through Learning Concepts Limited, the Division markets specialized multimedia materials.

Scholar's Choice Limited is a national distributor, supplying some 25,000 items to school boards and teachers in all provinces. Based in Stratford, Ontario, the Company relies heavily on a sophisticated cataloging operation to reach education buyers. In order to broaden the scope of its activities, the Company has embarked on an ambitious publishing program designed to provide a range of original Canadian products including, for example, a Canadian Studies kit in filmstrip format and several multimedia packages for metric teaching. Developments in this area will continue.

William T. Webster
President
Scholar's Choice Limited and
Learning Concepts Limited

DIVIDENDS DECLARED



Finance and Development

In 1975 sales increased by 40%, the sixth consecutive year of growth. Revenues in both the publishing and learning materials areas moved ahead—learning materials amounting to approximately 19% of the total, compared to 20% in 1974. Increases were due to both volume and price factors, the Harlequin Book Division having raised prices of its major lines for the first time since 1972.

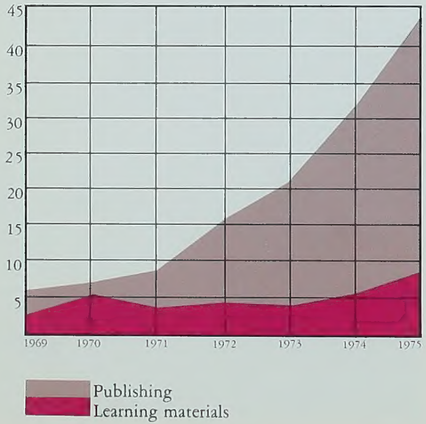
Net earnings increased in 1975 by 25%, continuing a trend established in 1971. Profits did not increase as substantially as did sales, due largely to planned expansion in advertising and personnel expenditures. We anticipate that investment in these areas will yield dividends in future years.

As the Company grows internationally, the fluctuations of foreign currencies play an increasingly larger role in financial results. During 1975 the strengthening of the U.S. dollar provided a gain on exports to the United States. This was, however, more than offset by a $264,000 negative translation adjustment resulting from depreciation in the value of the pound sterling.

The consolidated income tax rate in 1975 decreased to 52% from 54% the year previous. While foreign currency translation losses (which are not deductible for tax purposes) tend to increase the effective tax rate, they were more than offset by termination of the Canadian income tax surcharge in April 1975.

Harlequin continues to seek growth through both internal development and acquisition. While we examined many prospects for acquisition in 1975, those that appeared promising were found either to be unsuitable from an operational viewpoint, or to provide insufficient yield as investments.

REVENUES ($000,000)



Martin A. Reaume
Comptroller and Treasurer
Harlequin Enterprises Limited

William F. Willson
Vice-President
Finance and Secretary
Harlequin Enterprises Limited

Harlequin Enterprises Ltd., Don Mills

3 mo Mar 31	852	1,062	0.161	0.20	11,937	9,565

Profit in the first three months ended March 31, 1976, for Harlequin Enterprises Ltd. would be $995,400, compared with a profit of $930,000 in the first quarter of 1975, if exchange adjustments for the British pound during those two periods were excluded.

APR 30 1976

Harlequin turns to TV to increase book sales

NOV - 5 1975

Harlequin Enterprises Ltd. of Toronto, in which Toronto Star Ltd. recently acquired a 56 per cent interest, has turned to an unlikely ally—network television—in a drive to win a bigger share of the half-billion-books-a-year U.S. paperback market.

The major marketing thrust in the years immediately ahead for the publisher of romantic fiction will be in the United States, officials said in a Canadian Dow Jones interview. And to back this effort the company has launched a $650,000 fourth quarter TV advertising blitz.

The strategy breaks ranks with the many book publishers who have long regarded TV as a menace that threatens their survival by turning out generations of non-readers, but Harlequin officials see their product as unique in its potential appeal to women who watch daytime TV shows.

Harlequin romance novels seldom run more than 196 pages, have elemental plots and are written in an uncomplicated narrative style. "A surprising number of our customers don't read much else —even the newspapers," one official said.

The commercials, shown during network weekday game and soap opera shows, are buying Harlequin access to 50 million viewers, and the company has high hopes of capitalizing on the opportunity.

A year ago, the company tested similar commercials in one Canadian and 10 U.S. markets. Over a six-month span in the test markets, sales of the books after deducting wholesalers' stocks and returns soared an average 79 per cent, compared with a 27 per cent sales advance elsewhere in North America.

"It's too early to say whether we'll duplicate the test market results, but we're very hopeful," Harlequin president W. Lawrence Heisey said.

Harlequin last year sold 35 million of the novels in the United States, equal to about 7 per cent of the U.S. paperback market and about 56 per cent of Harlequin's worldwide sales of 63 million books.

Mr. Heisey said the company is operating on target toward its previously announced goal of a 19 per cent unit sales gain in 1975 to 75 million books.

Harlequin Enterprises Ltd., Toronto

Year Dec 31	4,418	3,527	0.88	0.71	43,249	30,983

HARLEQUIN ENTERPRISES

For the three months ended Dec. 31, 1975, Harlequin Enterprises Ltd. reports profit of $1,143,600 or 22 cents a share on revenue of $10,279,100, compared with profit of $1,-032,800 or 21 cents a share on sales of $8,386,400 a year earlier.

Profit for the 1974 fourth quarter has been restated to exclude an income tax surcharge of $158,000.

FEB 20 1976

(Incorporated under the laws of Canada)

Consolidated Financial Statements

Auditors' Report

To the Shareholders of
Harlequin Enterprises Limited:

We have examined the consolidated balance sheet of Harlequin Enterprises Limited and its subsidiaries as at December 31, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Clarkson, Gordon & Co.,
Chartered Accountants

Toronto, Canada
February 16, 1976

Consolidated Balance Sheet

December 31, 1975
(with comparative figures at December 31, 1974

ASSETS

	1975	1974
CURRENT ASSETS		
Cash	$ 721,961	$ 520,015
Short-term investments, at cost (which approximates market)	3,485,949	2,985,006
Accounts receivable	6,289,257	4,860,805
Inventories, at the lower of cost and net realizable value	6,631,982	4,309,290
Prepaid expenses and other current assets (note 2)	2,042,699	1,612,756
Total current assets	19,171,848	14,287,872
FIXED ASSETS, at cost (note 3)	1,497,520	1,193,636
Less accumulated depreciation	644,920	477,621
	852,600	716,015
GOODWILL (note 1)	3,704,080	3,704,080
	$23,728,528	$18,707,967

On behalf of the Board:

Director

Director

(See accompanying notes to consolidated financial statements)

LIABILITIES AND SHAREHOLDERS' EQUITY

	1975	1974
CURRENT LIABILITIES		
Bank indebtedness	$ 1,002,197	$ 87,047
Accounts payable and accrued charges	4,058,050	3,251,796
Dividends payable	631,705	660,374
Income taxes payable	2,685,075	3,043,544
Total current liabilities	8,377,027	7,042,761
SHAREHOLDERS' EQUITY		
Capital stock (note 4)		
Authorized:		
9,000,000 common shares without nominal or par value		
Issued:		
5,264,208 common shares (4,952,808, 1974)	4,160,874	3,665,874
Retained earnings (note 1)	11,190,627	7,999,332
	15,351,501	11,665,206
	$23,728,528	$18,707,967

Consolidated Statements of Earnings and Retained Earnings

for the year ended December 31, 1975
(with comparative figures for 1974)

EARNINGS

	1975	1974
GROSS INCOME (NET OF RETURNS)		
Publishing	$35,080,253	$24,781,254
Learning materials	8,169,117	6,201,687
	$43,249,370	$30,982,941
EARNINGS FROM OPERATIONS BEFORE THE FOLLOWING	$ 9,503,099	$ 7,567,562
Deduct (add)		
Exchange adjustment (note 1)	263,852	30,154
Depreciation (note 3)	179,839	111,649
Miscellaneous income	(150,063)	(221,671)
EARNINGS BEFORE INCOME TAXES	9,209,471	7,647,430
Income taxes	4,791,414	4,120,000
NET EARNINGS FOR THE YEAR	$ 4,418,057	$ 3,527,430
EARNINGS PER SHARE (note 5)		
Basic	88.0¢	71.3¢
Fully diluted	83.8¢	67.7¢

RETAINED EARNINGS

	1975	1974
RETAINED EARNINGS, BEGINNING OF YEAR	$ 7,999,332	$ 5,462,464
NET EARNINGS FOR THE YEAR	4,418,057	3,527,430
	12,417,389	8,989,894
DIVIDENDS DECLARED (1975-$0.24; 1974-$0.20)	1,226,762	990,562
RETAINED EARNINGS, END OF YEAR	$11,190,627	$ 7,999,332

(See accompanying notes to consolidated financial statements)

Consolidated Statement of Changes in Financial Position

for the year ended December 31, 1975
(with comparative figures for 1974)

	1975	1974
SOURCE OF FUNDS		
Net earnings for the year	$ 4,418,057	$3,527,430
Add depreciation	179,839	111,649
Funds from operations	4,597,896	3,639,079
Capital stock issued	495,000	
Other		36,857
Total source of funds	5,092,896	3,675,936
APPLICATIONS OF FUNDS		
Dividends	1,226,762	990,562
Fixed assets	316,424	320,376
Total funds applied	1,543,186	1,310,938
INCREASE IN WORKING CAPITAL	3,549,710	2,364,998
WORKING CAPITAL, BEGINNING OF YEAR	7,245,111	4,880,113
WORKING CAPITAL, END OF YEAR	$10,794,821	$7,245,111
CHANGES IN COMPONENTS OF WORKING CAPITAL		
Increase (decrease) in current assets		
Cash and short-term investments net of bank indebtedness	$ (212,261)	$ 508,341
Accounts receivable	1,428,452	1,727,232
Inventories	2,322,692	1,648,315
Prepaid expenses and other current assets	429,943	636,586
	3,968,826	4,520,474
Increase (decrease) in current liabilities		
Accounts payable and accrued charges	806,254	812,818
Dividends payable	(28,669)	412,734
Income taxes payable	(358,469)	929,924
	419,116	2,155,476
INCREASE IN WORKING CAPITAL	$ 3,549,710	$2,364,998

(See accompanying notes to consolidated financial statements)

Notes to Consolidated Financial Statements

December 31, 1975

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation –

The accompanying consolidated financial statements consolidate the accounts of Harlequin Enterprises Limited and its subsidiaries, all of which are wholly owned. Its subsidiaries include Mills & Boon Limited, a British company, Mills & Boon Pty. Limited, an Australian company, and three Canadian companies—Scholar's Choice Limited, Harlequin Books Incorporated and Learning Concepts Limited. All acquisitions have been accounted for using the purchase method of accounting.

Consolidated retained earnings include $602,000 of undistributed earnings of foreign subsidiaries. Transfers of earnings from these companies are subject to approval of exchange control authorities, but permission to pay dividends is normally obtainable. Under present tax legislation, no withholding taxes would be exigible on the above amount.

(b) Exchange translation –

The financial statements of the foreign subsidiaries have been translated to Canadian dollars as follows: current assets and liabilities at exchange rates prevailing at December 31; fixed assets at exchange rates prevailing at date of acquisition; income and expenses at average rates during the period. The 1975 exchange adjustment, $263,852 (1974–$30,154), resulting from such translation practices has been charged against consolidated earnings.

(c) Goodwill –

Goodwill of $3,704,080 on business acquisitions (all of which had been acquired on or before December 31, 1973) is not being amortized since in the opinion of the Company, there has been no reduction in the value of such goodwill.

(d) Provision for book returns –

For accounting purposes, the companies follow the practice of making a provision for book returns determined by reference to past experience. For tax purposes, the companies are not permitted to deduct the provision until the year that the books are actually returned; the amount of tax thus prepaid is carried on the balance sheet under "prepaid expenses and other current assets" (note 2).

2. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets include prepaid income taxes of $1,387,315 ($1,051,350 in 1974) relating to provisions made for accounting purposes which have not yet become deductible for tax purposes.

3. FIXED ASSETS

The major categories of fixed assets at December 31, 1975 are as follows:

	Cost	Accumulated depreciation	Rates
Buildings	$ 207,922	$ 23,972	5%
Machinery and equipment	827,146	465,239	15-20%
Vehicles	175,242	61,644	25-30%
Leasehold improvements	262,210	94,065	—
	1,472,520	644,920	
Land	25,000		
	$1,497,520	$644,920	

Straight-line depreciation is written on leasehold improvements over the terms of the leases and the diminishing balance method is applied to the other depreciable assets at the rates shown above.

4. CAPITAL STOCK

On June 25, 1975 the Company, under supplementary letters patent, increased its authorized share capital from 3,000,000 shares to 9,000,000 shares. Subsequent to this, the Company declared a 3-for-1 stock split. The following is a summary of changes in the issued share capital:

	Shares	Amount
Balance December 31, 1974	1,650,936	$3,665,874
Shares issued under employee stock options	2,000	25,560
Balance before stock split	1,652,936	3,691,434
Increase in shares resulting from stock split	3,305,872	
	4,958,808	3,691,434
Shares issued for cash subsequent to stock split		
– under purchase warrants	300,000	450,000
– under employee stock options	5,400	19,440
	305,400	469,440
Balance as at December 31, 1975	5,264,208	$4,160,874

In addition to the above shares issued, there were options to employees outstanding at December 31, 1975 covering 44,100 shares (including 14,400 to officers) at prices ranging from $3.60 to $5.45 per share.

5. EARNINGS PER SHARE

Basic earnings per share have been computed on the basis of the weighted average number of shares outstanding during each year after giving retroactive effect to the stock split referred to above.

Fully diluted earnings per share reflect the effect on earnings per share which would have resulted if all of the shares issued during the year, as well as the shares subject to employee stock options, had been issued at the beginning of the year, the funds derived therefrom being assumed to produce an annual return of 10% before applicable income taxes.

6. LEASE COMMITMENTS

The companies are committed to annual rentals of approximately $357,000 for each of the next five years.

7. REMUNERATION OF DIRECTORS AND OFFICERS

The aggregate remuneration ($9,200 of which was to the directors, as such) charged to consolidated earnings for the year ended December 31, 1975 in respect of ten directors (three of whom were also officers) and three other officers of the Company, was as follows:

By Harlequin Enterprises Limited	$383,377
By Mills & Boon Limited	122,986
	$506,363

8. ANTI-INFLATION PROGRAM

Effective October 14, 1975, the Federal government passed the Anti-Inflation Act and, subsequently, regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation, the Canadian Companies are subject to mandatory compliance with controls on prices, profit margins, employee compensation and shareholders' dividends. The effects on these Companies of the regulations on prices, profit margins and employee compensation are not yet clear owing to uncertainties as to interpretation and the need to develop appropriate data from the Companies' records. Dividends to the Company's shareholders during the year ending October 13, 1976 may not exceed $0.24 per share.

9. COMPARATIVE INFORMATION

Certain of the 1974 figures provided for purposes of comparison have been reclassified to conform with presentation adopted in the current year. These changes do not affect the 1974 earnings.

Division Executives

HARLEQUIN BOOK DIVISION
Don Mills, Ontario

RICHARD H. BELLRINGER
President

SAMUEL A. WHITFIELD
Vice-President
Director, Consumer Sales

JERRY GOLDMAN
Director, Distribution

FRED KERNER
Director, Publishing Services

JOHN A. NEWMAN
Director, Finance

DAVID R. SANDERSON
Director, Marketing

MILLS & BOON DIVISION
London, England

JOHN T. BOON
Chairman

ALAN W. BOON
Director, Fiction

JOHN RENDALL
Managing Director

ARTHUR T. McKAY
Director, Publishing

BERNARD J. C. ROGERS
Director, Finance

HARLEQUIN HOLLAND
Amsterdam

KLAAS KOOME
Managing Director

MILLS & BOON PTY. LTD.
Sydney

LES WARD
Managing Director

LEARNING MATERIALS DIVISION
Stratford, Ontario

WILLIAM T. WEBSTER
President

WILLIAM A. ANDERSON
Vice-President, Operations

R. A. De BOER
Director, Marketing

BRUCE T. WILLS
Controller

Seven-Year Operating History

OPERATING RESULTS ($000)	1975	1974	1973	1972	1971	1970	1969
Net revenues							
Publishing	**$35,080**	$24,781	$16,417	$10,959	$3,950	$2,575	$2,297
Learning materials	**8,169**	6,202	3,941	4,318	4,028	5,144	3,047
Total net revenues	**$43,249**	$30,983	$20,358	$15,277	$7,978	$7,719	$5,344
Net earnings	**$ 4,418**	$ 3,527	$ 2,737	$ 1,577	$ 454	$ 110	$ 235
FINANCIAL POSITION ($000)							
Current assets	**$19,172**	$14,288	$ 9,941	$ 6,132	$6,151	$3,631	$3,919
Current liabilities	**8,377**	7,043	5,061	3,396	3,679	2,098	2,139
Working capital	**10,795**	7,245	4,880	2,736	2,472	1,533	1,780
Net fixed assets	**853**	716	507	201	211	229	244
Other assets	**3,704**	3,704	3,741	3,867	3,933	2,152	1,486
Long term debt	**–**	–	–	–	2,275	27	28
Shareholders' equity	**15,352**	11,665	9,128	6,804	4,341	3,887	3,482
FINANCIAL RATIOS							
Net earnings on net revenues	**10.2%**	11.4%	13.4%	10.3%	5.7%	1.4%	4.4%
Net earnings on equity	**28.8%**	30.2%	30.0%	23.2%	10.5%	2.8%	6.7%
Working capital ratio	**2.3:1**	2.0:1	2.0:1	1.8:1	1.7:1	1.7:1	1.8:1
Fully diluted earnings per share*	**$ .84**	$ .68	$ .52	$ .31	$ .10	$ .03	$ .07
Equity per share*	**$ 2.92**	$ 2.36	$ 1.84	$ 1.37	$ 1.03	$ .92	$ .87
Dividends per share*	**$ .24**	$ .20	$ .08	$ .03			
OTHER DATA							
Shares Outstanding (000)*	**5,264**	4,953	4,953	4,953	4,203	4,203	3,984
Number of Employees	**332**	313	240	201	157	188	185

**adjusted for 3:1 stock split in 1975*

dark castle
ANNE MATHER
heart of the lion
ROBERTA LEIGH
Flight into Metrics
An Integrated Measurement Program
1961
DEEP IN THE FOREST
Joyce Dingwell
1956
THE IMPOSSIBLE BOSS
Jane Corrie
The Mountain of Stars
Airlie
The Emerald Cuckoo
Westwood
A Night for Possums
Cork
RT
The Mountains of Spring
Pollock
O Kiss Me, Kate
Thian
Blue Jasmine
Winspear
RT
The Made Marriage
Reid
This Moment In Time
Peake
The Arrogant Duke
Mather
RT
919
Thorpe
THE IRON MAN
M&B
916
Dingwell
THE CATTLEMAN
M&B
NOT FAR FROM HEAVEN
M&B
Winspear
331
FORBIDDEN RAPTURE
Mather
217
MASK OF SCARS
Hampson
224
WHEN THE CLOUDS PART
HC
LOVE WITHOUT ENDING
CHISHOLM
HC 16
COPPER BEECHES
MOORE
HC 23
LOVE THIS ENEMY
BLAIR
941
Summers
BACHELORS GALORE
M&B
940
Kidd
THE PAPER MARRIAGE
M&B